

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

POST OFFICE STRUCTURE PLAN

Docket No. N2012-2

**UNITED STATES POSTAL SERVICE RESPONSES
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

The United States Postal Service provides institutional responses to Presiding Officer's Information Request No. 1, dated June 8, 2012. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. In his testimony, witness Day states that the Postal Service will review, on an annual basis, Remotely Managed Post Offices (RMPOs) and Part-Time Post Offices (PTPOs) to determine appropriate window service hours for these post offices. See USPS-T-1 at 11.

a. Please describe the process for annually reviewing each RMPO and PTPO. Include the criteria the Postal Service will consider during this annual review.

b. How will the Postal Service consider feedback from the community when determining window service hours during the annual review process?

RESPONSE

a. The Postal Service expects that each year, it will review Remotely Managed Post Offices utilizing the criteria established in POSTPlan. The review will focus on Adjusted Earned Workload (as defined in witness Day's testimony), and retail window service hours will be determined based on this review. Part-Time Post Offices are defined by their proximity to another Post Office, and thus the evaluation will consider any long-term changes to transportation access points, such as the construction of a bridge that would reduce the driving distance between Post Offices to less than 25 miles, and the impact on proximity due to physical changes to retail facilities, such as suspension of a Post Office due to a natural disaster.

b. After establishing the number of retail window service hours available under the Remotely Managed Post Office or Part-Time Post Office reclassification option, the Postal Service will consider community input as part of its determination regarding the time of day for those hours. If a review of a Post Office indicates that a reduction in the number of retail window service hours is appropriate, the Postal Service will apply its existing processes developed as part of the Postal Service's historical practice of reviewing Post Offices for changes in classification.

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2. Witness Day states that the Postal Service has modified its Change, Suspension & Discontinuance Center computer system to include a new customer survey with more questions measuring non-revenue transactions at post offices. USPST- 1 at 23-24. Please describe how non-revenue transactions at post offices will be considered when determining a post office's Adjusted Earned Workload (Adjusted Workload).

RESPONSE

Non-revenue transactions are included in SOV and CSV, which are the bases for determining Adjusted Workload. For Post Offices with Point-of-Sale (POS) terminals, non-revenue transactions are accounted for using actual data input by retail employees. For Post Offices without POS terminals, the Postal Service determines the ratio of non-revenue transactions to revenue at POS terminal Post Offices and uses this ratio to estimate the number of non-revenue transactions.

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3. Witness Day states, "Nonexecutive-staffed Post Offices receive a classification within one of two ranges, EPM Levels 51 to 55 or EAS Levels 11 to 26, depending on the Postmaster level for that facility." USPS-T-1 at 5. Besides the Postmaster level, what other factors (e.g., measures of workload or other physical attributes) determine the EAS or EPM level of a facility?

RESPONSE

None.

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4. Page 6, Figure 2, shows current average window service hours and earned workload for the POSTPlan offices by current post office classification.
- a. Please explain how the Average Earned Workload Hours per week (last column in Figure 2 on page 6) are calculated.
 - b. Do the Average Earned Workload Hours per week (last column in Figure 2 on page 6) include the 10 percent multiplier factor?

RESPONSE

- a. Average Earned Workload uses data on earned workload compiled through SOV and CSV. The total hours of earned workload in SOV and CSV for each Post Office level is then divided by the number of Post Offices at that level.
- b. No.

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5. Page 6, footnote 3, states that "the term earned workload reflects a combined value for the mail distribution, Post Office Box delivery and retail window service activity at a facility."

- a. Please describe and provide any available documentation showing how to calculate earned workload as the term is used in witness Day's testimony.
- b. Please explain how Work Service Credit is factored into the calculation of earned workload.

RESPONSE

a. No documents were identified pursuant to this request, but the Postal Service will supplement this response with a written description showing how to calculate earned workload.

b. Work Service Credit is a measurement method to determine Postmaster level. Earned workload, as defined on page 6, footnote 3 of USPS-T-1 is a separate measurement of work performed at a Post Office, and as such Work Service Credit is not factored into the calculation of earned workload.

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6. Witness Day states, "The Postal Service generally will not study for discontinuance candidate Post Offices as part of the POSTPlan unless the community has a strong preference for discontinuance...." USPS-T-1 at 15. Please explain how the Postal Service will determine whether a community has a "strong preference" for discontinuance.

RESPONSE

The Postal Service intends to review the information provided by customers in response to the questionnaires distributed in connection with consideration of a Post Office under POSTPlan to determine whether a community has a "strong preference" for discontinuance. The survey will be analyzed and the results will be shared at the community meeting. A "strong preference" would be demonstrated where over sixty percent of the returned questionnaires reflect a preference for discontinuance study.

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7. When a post office is “upgraded” as that term is used in witness Day’s testimony (*see generally* pages 10-14), please explain what this entails beyond changing the EAS or EPM level of the Postmaster.

RESPONSE

As used in witness Day’s testimony, the term “upgrade” refers to a change in the Post Office level from EAS Level 16 or below to EAS Level 18 or above. Post Offices upgraded to EAS Level 18 or above will reflect the characteristics of current EAS Level 18 or above Post Office, such as staffing, possible remote management of RMPOs and full-time weekday hours.

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8. Witness Day states, "Specifically, a Post Office that is 25 or more driving miles from the nearest Post Office or that is outside a 25 mile radius of the nearest APO" will be known as a PTPO. USPS-T-1 at 13-14. Please provide the rationale for selecting 25 miles as the threshold for establishing PTPOs.

RESPONSE

The 25 mile threshold is based on management's determination of operational needs, customer impact and consultations with Postmaster associations.

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9. How is the number of customer visits factored into a decision to realign a particular post office's hours?

RESPONSE

To the extent that a customer visit results in either a revenue or recorded non-revenue transaction, it will be included in SOV or CSV, which are used to determine Adjusted Earned Workload. For Post Offices without POS terminals, customer visits resulting in non-revenue transactions are estimated using the method described in the response to POIR No. 1, Question 2.

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10. The Postal Service stated in a press release that once the POStPlan has been completely implemented, "the Postal Service estimates savings of a half billion dollars annually." Please provide an estimate of the anticipated savings from implementing the POStPlan and electronic worksheets showing how the savings are calculated.

RESPONSE

Electronic worksheets showing an estimate of cost savings, and how the savings are calculated are provided in USPS-LR-N2012-2/6. Based on the expected classification of Post Offices as a result of POStPlan, this model provides that the Postal Service will save an estimated \$517,129,956 in labor costs. As articulated in the Request on page 3, "postal management's goal in pursuing the POStPlan is to improve efficiency and meet customer needs by matching retail hours and services to community postal needs and use patterns." This goal is not contingent on a specific cost savings estimate or expectation.

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11. Please explain any efforts the Postal Service has made to estimate the expected impact on revenue from reducing window service hours under the POStPlan. Include electronic worksheets showing how this estimate was calculated.

RESPONSE

The Postal Service has made efforts to estimate the POStPlan's expected impact on revenue, but has been unable to identify or determine any accurate method for doing so. This is true, at least in part, because the Postal Service has not reduced window service hours in this manner before and therefore has no empirical evidence on which to base such an estimate. Efforts to estimate the impact on revenue have consisted of observation of the correlation between window service hours and revenue, and inferences there from. Such inferences do not provide an accurate or representative assessment of causation between a decrease in window service hours and consequent decrease in revenue.

Unchanged customer access to Post Office boxes and mail receptacles, as well as the availability of alternate access opportunities, many of which are not tied to a particular location, helps illustrate the reasons why it is difficult to draw any legitimate conclusions in today's retail environment about the specific effects that a change in window service will have on revenue.

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12. Please explain where the data developed on the spreadsheets in Library Reference No. 3 (USPS-LR-N2012-2/3) are incorporated into the spreadsheet "Summary.xls" in Library Reference No. 1 (USPS-LR-N2012-2/1). Please provide revised spreadsheets with links.

RESPONSE

USPS-LR-N2012-2/3 contains average walk-in revenue for Post Offices considered under POStPlan. No Revenue data are incorporated in the spreadsheet "Summary.xls" in USPS-LR-N2012-2/1. Because revenue is not included in both spreadsheets, the Postal Service is unable to provide the requested links.

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13. Please explain why the number of records shown on the spreadsheets "CSV_Calc.xls" and "SOV_Calc.xls" in Library Reference No. 2 (USPS-LRN2012- 2/2) do not equal the number of records shown on the spreadsheet "Summary.xls" in Library Reference No. 1.

RESPONSE

USPS-LR-N2012-2/1 contains POStPlan Offices, as defined in USPS-T-1.

Collectively, the two spreadsheets in USPS-LR-N2012-2/2 contain postal facilities with either Postmaster or Function 4 (clerk) positions, including but not limited to POStPlan Offices.

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14. For Library Reference No. 2 (USPS-LR-N2012-2/2), please provide definitions for the data field "MPOO Code" used on spreadsheets "CSV_Calc.xls" and "SOV_Calc.xls."

RESPONSE

For both spreadsheets in USPS-LR-N2012-2/2, "MPOO Code" is a numerical value representing a specific Manager of Post Office Operations (MPOO) for a given District.

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15. Please provide available walk-in stamp revenue, total walk-in revenue, and permit revenue for each facility listed in Library Reference No. 1 (USPS-LRN2012- 2/1, "Summary.xls").

RESPONSE

Walk-in stamp revenue, total walk-in revenue and permit revenue for each facility listed in USPS-LR-N2012- 2/1 is provided in USPS-LR-N2012-2/NP1.

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16. How will the POStPlan affect carrier operations at post offices that are converted to RMPOs and PTPOs?

RESPONSE

The Postal Service does not expect that carrier operations at Post Offices that are classified as RMPOs and PTPOs will be affected by POStPlan.

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17. Assume that the Postal Service proceeds with a discontinuance study of a candidate post office and replaces services with a nearby post office. What will happen if another community located in the footprint of the nearby post office chooses to use a nearby post office? How will the Postal Service handle the ripple effect of such decisions?

RESPONSE

When a Post Office is discontinued, services will be provided to the affected communities by nearby Postal Service-operated retail facilities and alternate access options. As is the case before discontinuance occurs, a community served by a discontinued Post Office has options for obtaining postal services from Postal Service-operated retail facilities located near where they reside, work, or travel, or alternate access options. Postal Service management has significant experience with providing services to communities after a Post Office discontinuance occurs, and it will continue to apply the procedures it has developed for that purpose. However, it is expected that few Post Offices will face discontinuance study as a result of POStPlan. In fact, because POStPlan offers communities the option of realigned window service hours in lieu of a discontinuance study, and establishes an annual review process that could result in increased hours where there is increased customer use, it is likely to minimize the “ripple effect” cited in this information request.

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18. The Postal Services states that the "POStPlan will continue to provide 'a maximum degree of effective and regular postal services to rural areas, communities and small towns.'" The Postal Service adds that "communities will continue to receive postal services that meet or exceed their actual use. Thus, effective postal services will continue to be provided to residents of rural communities." Request at 10. Please identify any other factors the Postal Service considered when determining whether the POStPlan is consistent with the other relevant policies of title 39, including, among others, section 101(b).

RESPONSE

As set forth on pages 8 through 10 of the Request, the Postal Service evaluated the statutory requirements and authorities, including 39 U.S.C. § 101(b), and determined that POStPlan is consistent with Title 39. The Postal Service expects that few, if any, Post Offices will become the subject of a discontinuance study as a result of POStPlan. But to the extent that some Post Offices become the subject of a discontinuance study as a result of POStPlan, they will not be selected based on operation at a deficit, but rather based on other factors, such as a postmaster vacancy, emergency suspension, or insufficient customer demand.